

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4362-03
Bill No.: HB 2010
Subject: Education, Elementary and Secondary: Teachers
Type: Original
Date: April 26, 2002

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Gaming Commission Fund	\$0	\$0	\$0
Teacher Choice Compensation Fund	\$39,717,750	\$0	\$0
School Building Revolving Fund	\$0	\$0 to \$54,879,049	\$0 to \$15,161,200
Total Estimated Net Effect on <u>All</u> State Funds	\$39,717,750	\$0 to \$54,879,049	\$0 to \$15,161,200

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
School Districts	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 6 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of the State Treasurer** indicated this proposed legislation would have no fiscal impact on their agency.

Officials from the **Secretary of State's Office (SOS)** assumed the rules, regulations and forms issued by the Department of Elementary and Secondary Education could require as many as 10 pages in the *Code of State Regulations*. For any given rule, roughly half again as many pages are published in the *Missouri Register* as in the Code because cost statements, fiscal notes and the like are not repeated in the Code. These costs are estimated. The estimated cost of a page in the *Missouri Register* is \$23. The estimated cost of a page in the *Code of State Regulations* is \$27. The actual costs could be more or less the SOS's estimated cost of \$ for FY 2003. The impact of this legislation in future years is unknown and depends upon the frequency and length of rules, filed, amended, rescinded or withdrawn.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

Officials from the **Department of Revenue (DOR)** stated there would be no administrative impact to DOR and deferred to the **Office of Administration - Division of Budget and Planning** for an estimate of the revenue impact.

Officials from the **Office of Administration - Division of Budget and Planning (BAP)** stated that this proposed legislation should not result in additional costs or savings the BAP; however, there would be fiscal impact on total state revenue. BAP deferred to the **Missouri Gaming Commission** for the revenue estimate.

Officials from the **Department of Public Safety - Missouri Gaming Commission (GAM)** indicated the proposed legislation would not affect the operations of GAM. The projected revenue is based on a \$1 fee increase on estimated admissions to excursion gambling boats of \$47,661,299. The fees would be deposited to a newly created "Teacher Choice Compensation Fund". The estimate for FY 2003 is based on ten months of admissions.

ASSUMPTION (continued)

Officials from the **Department of Elementary and Secondary Education (DESE)** estimated that per DESE's core data system (2001-02 school year) classroom personnel reported as code 60 total 65,393. DESE assumes 10% (6,500) of those might be eligible/interested in the teacher choice compensation package. Cost estimates are ranged as follows:

		<u>Stipend</u>		<u>Total Stipend</u>		
6500	x	\$ 5,000	=	\$32,500,000		
6500	x	\$15,000	=	\$97,500,000		
<u>FISCAL IMPACT - State Government</u>				FY 2003 (10 Mo.)	FY 2004	FY 2005
GAMING COMMISSION FUND						
<u>Income</u> - Increased Boarding Fees				\$39,717,750	\$47,661,299	\$47,661,299
<u>Transfer Out</u> - To Teacher Choice Compensation Fund				<u>(\$39,717,750)</u>	<u>(\$47,661,299)</u>	<u>(\$47,661,299)</u>
ESTIMATED NET EFFECT ON GAMING COMMISSION FUND				<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
TEACHER CHOICE COMPENSATION FUND						
<u>Transfer In</u> - Transfer from Gaming Commission Fund				\$39,717,750	\$47,661,299	\$47,661,299
<u>Transfer Out</u> - Distribution to School Districts				\$0	(\$32,500,000 to \$97,500,000)	(\$32,500,000 to \$97,500,000)
<u>Transfer Out</u> - School Building Revolving Fund (Excess over amount needed for Teacher Choice Compensation Fund)				<u>\$0</u>	\$0 to <u>(\$54,879,049)</u>	\$0 to <u>(\$15,161,299)</u>
NET EFFECT ON TEACHER CHOICE COMPENSATION FUND				<u>\$39,717,750</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - State Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
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SCHOOL BUILDING REVOLVING FUND

<u>Income</u> - Transfer from Teacher Choice Compensation Fund	\$0	\$0 to \$54,879,049	\$0 to \$15,161,299
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NET EFFECT ON SCHOOL BUILDING REVOLVING FUND	<u>\$0</u>	<u>\$0 to</u> <u>\$54,879,049</u>	<u>\$0 to</u> <u>\$15,161,299</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
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SCHOOL DISTRICTS

Transfer In - Distribution from Teacher Choice Compensation Fund*	\$0	\$32,500,000 to \$97,500,000	\$32,500,000 to \$97,500,000
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Cost - Performance-Based Salary Stipends*	\$0	(32,500,000 to <u>\$97,500,000</u>)	(\$32,500,000 to <u>\$97,500,000</u>)
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ESTIMATED NET EFFECT ON SCHOOL DISTRICTS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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*** Total amount depends on amount generated from admission fees and number of teachers participating in plan.**

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

This proposed legislation creates the Teacher Choice Compensation Package, which will make available salary stipends to teachers who qualify based on measurable superior performance. The proposal raises the boarding fees for gaming boats by one dollar and directs the money into a fund that will be used to supply the stipends, which are \$5,000, \$10,000, and \$15,000, not to exceed 50% of the teacher's base pay. *If, after full funding, moneys remain in the fund, they*

will be transferred to the School Building Revolving Fund. Stipends may be pro-rated if there is not enough money generated by the boarding fee increase.

DESCRIPTION (continued)

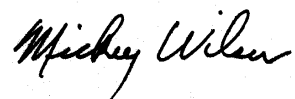
To qualify for the stipends, beginning in school year 2003-2004, a teacher must opt out of his or her permanent contract and meet criteria derived from students' scores on a value-added test instrument, from a list of tests and target scores developed by the Department of Elementary and Secondary Education, and from evaluations by principals, parents, and students. Test scores will be given more weight than evaluations, and the level of score required must take into account classroom demographics. Teachers will qualify annually in October, with the payment delivered as a lump sum in the following January.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

This proposed legislation would increase total state revenue.

SOURCES OF INFORMATION

Department of Revenue
Department of Public Safety
Missouri Gaming Commission
Office of State Treasurer
Office of Secretary of State
Administrative Rules Division
Department of Elementary and Secondary Education
Office of Administration
Division of Budget and Planning



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Acting Director
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